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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000489

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SUBJECT: RUMORS SWIRL ON ZIA'S DEPARTURE

Classified By: Ambassador Patricia Butenis, reason para 1.4 d.

11. (C) Summary. Senior party leaders say that Bangladesh Nationalist Party chairwoman Khaleda Zia is ready to leave Bangladesh, provided her two sons are allowed to go with her and her exile, probably in Jeddah, is guaranteed to be comfortable. If Zia does go and Awami League President Hasina stays away, as seems likely, then the era of the "two ladies" would finally come to a close and confront both parties with hard choices on reform and new leaders. End Summary.

Rumors Swirl

12. (C) As speculation mounts that Awami League President Sheikh Hasina's current visit to the U.S. will turn out to be much longer than advertised, contacts at all levels of the Bangladesh Nationalist Party tell us that party chairwoman Khaleda Zia is finished and must leave Bangladesh. Four former ministers separately report that her departure is imminent, and two claim to be involved with or privy to military (i.e., DGFI) negotiations with Zia.

13. (C) Zia, the BNP contacts report, has agreed to leave, provided her sons Tarique and Koko, and perhaps other relatives, are allowed to go with her. Tarique is in custody and already faces one extortion charge relating to a party nomination for the last election, while Koko -- the lower profile younger brother -- is at liberty but on an unofficial list of 50 corrupt persons facing government scrutiny pressure. Former Home Minister Babar told the Ambassador that deal calls for Zia to travel without Tarique, but Tarique would be released in the near future to seek medical treatment abroad and would not return.

14. (C) As widely anticipated, Zia seems to be looking at Jeddah as a refuge. According to some contacts, she has sought assurances she would live there in appropriate comfort. Zia is reportedly under virtual house arrest in her cantonment residence, with the land lines cut off and visitors having to secure military permission to enter the premises. She occasionally ventures out but rarely makes a public appearance.

Post-Khaleda BNP

15. (C) Even Khaleda loyalists like former Finance Minister

Saifur Rahman now tell us Zia must go and that they had all along warned Zia to act against corruption and party thugs associated with Tarique. As many as one quarter of the party's former members of parliament are reportedly ready to support party Secretary General Manan Bhuiyan as new party leader, but Bhuiyan is unable or unwilling to challenge Zia face to face and wants to wait until she departs Bangladesh. Because of the anti-corruption campaign's wide net, Bhuiyan seems to have no serious rival within the party.

Awami League Still on Point

16. (C) In contrast to their BNP opposites, Awami League officials who are not known to be overtly anti-Hasina continue to toe the party line that Hasina will soon return to Bangladesh and that the party appreciates that the GOB reform agenda finds its roots in long-standing opposition demands. They insist that prolonged criticism of Sheikh Hasina at a recent party forum constitutes reform and signals openness to change, although they equivocate when asked if Hasina will move to submit her leadership to the vote of the appropriate party council.

Comment

17. (C) If Zia goes, the likelihood that Hasina will return to Bangladesh in the near future seems remote; even if she has not already come to an understanding with the government. BNP sources with good military and intelligence contacts claim that Hasina is being blackmailed with evidence that she took money from both Indian and Pakistani intelligence agencies; even if Hasina is a free actor, it would take great

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courage for her to return to Bangladesh in these circumstances. The incentive for the military to send Tarique out of the country is tremendous since, as the son of General Zia, he retains the ability to rally support among Zia loyalists as long as he is alive or in the country.

18. (C) With Zia and Hasina gone, the era in which the "two ladies" dominated Bangladeshi politics for nearly 20 years would be finally at an end, much to the relief of many Bangladeshis. But the joy could be short-lived. Both parties would then no longer have the excuse to avoid tough decisions on internal reform and identifying the next generation of leadership, and it is by no means clear that either party has the will or stamina to go down that road, especially if the military continues to encourage former members of parliament from both parties to join a king's party.
BUTENIS